

**CUMBERLAND COUNTY BOARD OF COMMISSIONERS
JANUARY 7, 2002, 9:00AM
REGULAR MEETING**

PRESENT: Chairman J. Breeden Blackwell
Vice Chairman Talmage Baggett
Commissioner Kenneth Edge
Commissioner Jeannette Council
Commissioner John Henley
James Martin, County Manager
Juanita Pilgrim, Deputy County Manager
Cliff Spiller, Asst. County Manager
Amy Cannon, Asst. County Manager
Grainger Barrett, County Attorney
Marsha Fogle, Clerk to the Board

ABSENT: Commissioner Billy R. King
Commissioner J. Lee Warren, Jr.

INVOCATION: Commissioner J. Lee Warren, Jr.
Rev. Marten Spena – Village Baptist Church

PLEDGE

1. Public Hearing on Resolution of Intent to sublease a portion of Highsmith Rainey Memorial Hospital for the operation of a long-term acute care hospital

Alisa Debnam, President, of the Hospital Board of Trustees called that Board into Session.

BACKGROUND: The Board of Commissioners and the Hospital Board of Trustees of Cape Fear Valley Health System called this public hearing to consider the Resolution of Intent to sublease the fourth floor of Highsmith Rainey Memorial Hospital for the operation of a long-term acute care hospital. The Boards propose to lease approximately 16,852 square feet including some 35 rooms, and associated furniture, equipment and moveable personal property for that purpose. CFVHS and Highsmith-Rainey Long-Term Acute Care Hospital Inc. have jointly applied for and received from the State a Certificate of Need for the long-term acute care hospital.

Mr. Walt Rose told the Board that The Solicitation of Proposals was sent out on December 14, 2001 and includes a number of conditions. Among them:

- a. the proposed operator must be a nonprofit corporation;
- b. it must be knowledgeable of the community and its health needs,
- c. it must comply with the County and the Hospital's Restated Management Agreement,
- d. it must be approved for transfer of and comply with the terms of the State Certificate of Need,
- e. it must accept a payer mix substantially similar to the Hospital's current payer mix,
- f. and it must apply any excess of revenues over expenses back into the operations of the long-term acute care hospital or to indigent care in the long-term acute care hospital's service area.

Any proposals received by February 1, 2002 will be considered at a public hearing called by the two Boards for February 18, 2002.

The Public Hearing was opened. There were no speakers. The Public Hearing was closed.

The Hospital Board of Trustees adjourned their meeting.

2. Public Hearing on a request to form NORCRESS Water and Sewer District and to abolish the Cumberland County Water and Sewer District of Cumberland County

BACKGROUND: The Board of Commissioners called this public hearing to consider a request from the Towns of Wade, Godwin and Falcon to form the NORCRESS Water and Sewer District. NORCRESS is an acronym for NORth Cumberland Regional Sewer System. They ask that the territory of the proposed district include the municipal limits of those towns and the rights of way of the highways between them. The Board of Commissioners has the authority to establish the district under Chapter 162A, Article 6. The Board may establish the district by Resolution after this public hearing. The Board must find that:

- a. There is a demonstrable need for providing in the district water services, or sewer services, or both;
- b. Residents of all the territory to be included will benefit from the district's creation; and
- c. It is economically feasible to provide the proposed service or services within the district without unreasonable or burdensome annual tax levies.

The County advised that legal notices have been published and posted as required by statute. In addition G.S. 162A-87(b) requires that a statement also be published that any proceeding to challenge the validity of the resolution or the establishment of the district must be brought within 30 days of first publication of the resolution. The Chairman and Vice Chairman of the Board of Commissioners may be designated as the Chairman and Vice Chairman of the NORCRESS Water and Sewer District. The Board may also find it useful to appoint an advisory board with representatives from Wade, Godwin and Falcon to provide input on policy issues affecting the district. Mr. Kevin Lindsay, Hobbs & Upchurch, said the towns have a good chance for a USDA-Rural Development grant of \$4,000,000 and a loan of \$1,000,000. Wade has previously received an Unsewered Communities Grant from the Rural Center of \$2,688,781 and a \$150,000 grant from Cumberland County Community Development Entitlement Funds. An unfunded gap of about \$1,600,000 remains after taking into account these actual and anticipated funding sources. The loan would require a referendum, which could be held on April 2, 2002.

The Board of Commissioners previously formed a county-wide water and sewer district in the early 1990, the Cumberland County Water and Sewer District of Cumberland County. It has been dormant and it would be appropriate to abolish it. To do so the Board must authorize publication of notice of a public hearing on the issue, at least once not less than one week before the date of the public hearing. The abolition may take effect at the end of a fiscal year following the passage of a Resolution.

The Chairman opened the public hearing. Kevin Lindsey, consulting engineer for the project, briefly described its proposed scope and funding. The Chairman closed the Public Hearing.

MOTION: Commissioner Baggett moved to approve the NORCRESS Water and Sewer District and authorize publication of the resolution and required notice.

SECOND: Commissioner Council

DISCUSSION: The Board discussed the notion of appointing an advisory board to provide input to them on the operation of the District.

AMENDED

MOTION: Commissioner Baggett moved the following:

- that the Board approve the NORCRESS Water and Sewer District;
- that the Board abolish the Cumberland County Water and Sewer District, effective June 30, 2002;
- that the Board authorize that the appropriate resolutions and notices be published in the newspaper;
- and that the Board appoint an Advisory Board, with designees from each of the participating towns, to provide input to them on the operation of the NORCRESS Water and Sewer District.

SECOND: Commissioner Council

DISCUSSION: Commissioner Edge inquired who would call for the referendum for the loan. The County Attorney stated the Board of Commissioners, as the NORCRESS districts governing board would call for the referendum.

VOTE: UNANIMOUS

3. CONSENT AGENDA

A. Approval of Minutes: December 17, 2001

ACTION: Approve

B. Approval of Franchise Agreement between Coca Cola Bottling Company Consolidated and the Cumberland County Parks and Recreation Department

BACKGROUND: This franchise grants Coca Cola exclusive advertising, promotional and product availability rights certain athletic games in consideration of providing scoreboards to the game sites free of charge. In 1997, Parks and Recreation entered into an agreement with Coca Cola to provide 17 scoreboards to athletic fields. The amendment extends the original term of the Agreement from 9 years to 11 years and will now end in May 2008. Coca Cola will provide scoreboards for 3 more facilities: Stedman, Stoney Point and Lake Rim Elementary Schools' Recreation Centers. The County will install and maintain the scoreboards.

ACTION: Approve the Ordinance and Franchise Agreement (First Reading).

C. Report on the Destruction of County Records

BACKGROUND: Pursuant to a resolution adopted by the Board of Commissioners on February 4, 1995, the Manager authorizes the destruction of County records as indicated below:

Governing Body: 1997 Commissioner meeting packets
1997 Commissioner correspondence files

ACTION: Record in Minutes.

D. Report on formal bid awards of \$100,000 or less approved by Management

BACKGROUND: The County Purchasing Policy delegates authority to the County Manager to award formal bids for purchases of \$100,000 or less. The following software bid has been awarded:

Cumberland County Library – Digital Access Control, Inc. \$29,838.00

The following bids were received: Comprise Technologies, Inc.: \$54,084.00
Digital Access Control, Inc.: \$29,838.00

E. Budget Revisions:

1. Library

- a. Increase in revenues/expenditures in the amount of \$2,755 to reconcile the county budget to the actual amount from the State Aid (B02-252) Funding Source – State
- b. Revision in the amount of \$8,865 to budget for 4 part-time pages to replace 1 full-time page (B02-253) Funding Source – Reallocation of Budgeted Expenditures

2. Community Development

- a. Supportive Housing – Revision in the amount of \$3,024 to budget returned revenues from previous sub-recipient for Robin Meadow Project (B02-250) Funding Source – Federal
- b. Administration – Revision in the amount of \$806 to budget program income (B02-251) Funding Source – Federal

3. Workforce Development

- a. Administration/Senior Aides – Increase in revenue/expenditures in the net amount of \$18,352 to budget for the transfer of Senior Aide funds and the Senior Aide Coordinator. Revision also budgets for a Marketing Grant from Fayetteville State and interest earned (B02-254&254A) Funding source – Federal, Marketing Grant and Interest
- b. Workforce Investment Act (WIA) Adult – Revision in the amount of \$11,268 to budget additional funding from the State (B02-255) Funding Source – Federal
- c. WIA Youth – Revision in the amount of \$51,040 to budget additional Federal funding for temporary workers and operating expenditures (B02-256) Funding Source – Federal
- d. T/A Grant – Revision in the amount of \$82,583 to budget for performance based incentive funds awarded for prior year accomplishments (B02-257) Funding Source – Federal
- e. Welfare to Work 30% - Revision in the amount of \$18,888 to rebudget unexpended prior year expenditures (B02-258) Funding Source – Federal
- f. Welfare to Work 70% - Revision in the amount of \$66,000 to budget for additional allocation from the State (B02-262) Funding Source – Federal

4. Social Services – Revision in the amount of \$1,524 to budget for the reclassification of an Information Processing Assistant I to Computing Support Technician (B02-248) Funding Source – Reallocation of Budgeted Expenditures

5. Day Reporting Center/Pre-Trial Release Merger

- a. Day Reporting Center – Revision in the amount of \$243,822 to adjust the county budget to the approved state allocation and to budget for a new Case Manager position (B02-259) Funding Source – State
- b. Pre-Trial Release – Revision to reallocate expenditures within Pre-Trial Release and to the Day Reporting Center and to budget for a new House Arrest position (B02-259A) Funding Source – Reallocation of Budgeted Expenditures

REGULAR AGENDA

4. Presentation of the FY2001 Annual Audit – Appearing Eddie Burke, CPA

Mr. Burke, CPA, Engagement Partner with Cherry, Bekaert and Holland, LLP, presented the results of the Audit to include the following information:

AUDIT RESULTS

- Unqualified Opinion (Clean Opinion) on the general purpose financial statements
- Represents highest level of assurance
- There were 3 reportable conditions noted in the financial statements – one in the Tax Department and two at the Civic Center
- There was one questioned costs item noted in the Community Development Department
- Clean opinion was issued for compliance with Government Auditing Standards
- A qualified opinion was issued for compliance over Federal Financial Assistance Programs due to a subrecipient issue
- Clean opinion was issued for compliance over State Financial Assistance Programs

COMBINED BALANCE SHEET – ALL FUND TYPES

- Excluding component units
- Total assets for the County exceeded \$642 million
- Cash & investments were \$139 million (down from prior year by \$47 million)
- Fixed assets - \$252 million
- Total liabilities - \$321 million
- Total fund equity - \$320 million

COMBINED STATEMENT OF REVENUES/EXPENDITURES

- Includes all governmental fund types only, excludes component units
- Total revenues - \$273 million
- Total expenditures - \$316 million
- Other financing uses - \$6 million
- Revenues under expenditures totaled \$49 million

COMPONENTS OF GOVERNMENTAL FUND TYPE REVENUES

- Primary revenue source – property taxes – totaled \$120 million
- Other taxes – primarily sales taxes - \$44 million
- Restricted intergovernmental revenues – includes DSS, Mental Health and Health - \$68 million

COMPONENTS OF GOVERNMENTAL FUND TYPE EXPENDITURES

- Human services - \$96 million
- Education – \$70 million
- Public safety totaled \$35 million
- Capital outlay - \$53 million
- Debt service payments – 424 million

COMBINED STATEMENT OF REVENUES AND EXPENSES

- Includes the operations of County Auditorium, Solid Waste and Insurance fund
- Operating revenues - \$17 million
- Operating expenses - \$22 million
- Non-operating expenses - \$.8 million
- Operating transfers - \$7.4 million
- Net income - \$2 million

COMBINED STATEMENT OF CASH FLOWS

- Includes the same components as the Statement of Revenues and Expenses
- Cash flows used in operations were \$38,000
- Cash flows from non-capital financing activities - \$7.4 million
- Cash flows used in capital financing activities - \$7 million
- Cash flows used in investing activities - \$1.6 million

CURRENT YEAR TAX LEVY AND COLLECTIONS

- Total levy - \$113 million
- Collections for the year were \$110 million
- 96% of gross levy collected for the current year

(97.92% real & personal property)
(81.80% motor vehicles)

GENERAL FUND UNDESIGNATED FUND BALANCE

- Year end – 9.57%

DEBT SERVICE SUMMARY

- Long term debt at June 30, 2000 - \$228 million
- Certificates of Participation issued - \$50 million (refinancing existing debt)
- Pay down on debt during the year - \$63 million
- Long term debt at June 30, 2001 - \$216 million
- G.O. Bonds - \$123 million
- Capital leases - \$1 million
- COPs - \$83 million
- Notes - \$5 million
- Accrued vacation - \$4 million
- Debt outstanding June 30 - \$216 million
- Scheduled payments for next 4 years – approximately \$25 million each year

Mr. Burke responded to questions concerning the reportable conditions as follows:

Tax Department – The report used by the tax department for daily and monthly reconciliation purposes was not being reconciled to the report used by the finance department for financial reporting. Steps are being taken to correct this problem.

Cumberland County Civic Center – The Civic Center has engaged in the exchange of property including the leasing of property belonging to the County for other real or personal property. Such transactions should be designed to ensure that the County receives fair and equal consideration for the exchange. Although the performance of such arrangements is in accordance with state statute the underlying accounting and financial reporting associated with these transactions was not captured. It is recommended the County develop and adopt policies and procedures for identifying, quantifying and recording property exchange transaction. The County is taking steps to correct the problem.

Cumberland County Civic Center – (Statutory violation) NC General Statutes allow for the exchange of any real or personal property including the leasing of property belonging to the County for other real or personal property by private negotiation if the County receives full and fair consideration in exchange for the property. Further NC General Statutes require that the Commission pass a resolution authorizing the exchange to be adopted at a regular meeting upon 10 day's public notice.

Cherry, Bekaert and Holland has been hired to further review the above issue.

Following some discussion about the bartering issue at the Civic Center, the Board referred to the Policy Committee the issue of developing a policy regarding bartering. Commissioner Baggett said he thought we should limit it as much as possible. Commissioner Henley pointed out that we need to be careful in adopting a policy about bartering as it could limit us in some things that we do.

Amy Cannon, Assistant Manager and Finance Director, assured the Board all concerns raised are being addressed and will be cleared up by next year.

5. Presentation on the Greater Fayetteville Area Web Portal – appearing – Wick Smith

Mr. Wick Smith of Biz Tools One presented the Web portal. Eight partners, Cumberland County, the City of Fayetteville, PWC, Fayetteville Chamber of Commerce, FAEDC, FACVB, Fayetteville Business and Professional League and the Downtown Development Corporation, have teamed up to promote the Greater Fayetteville Area via the Internet. The Greater Fayetteville Port is funded by \$250 in start-up money from each of the partnering agencies.

Mr. Smith demonstrated for the Board how to access information on the Web. In response to a question, Mr. Smith indicated they are working on linking to state sites and the Southeastern Regional Development site.

This site targets business people who want to locate in our area, visitors who may be visiting our area and people in our area who may have an interest in knowing more about what we have to offer.

A committee has been formed to keep all information updated on the web site. The web site address is FayettevilleNC.net managing partners.

6. Consideration of County Personnel Committee Report and Recommendation on the proposed reorganization of the Community Development Department

BACKGROUND: The Personnel Committee recommends the reorganization and the following associated reclassifications and budget revisions (B02-260 and 261):

Administration – Reclassification of the Office Support V position (grade 61) to Administrative Support I, (grade 63)

Administration – Move the Compliance Officer position to the Community Services Division

Financial Services – Upgrade the Finance Officer from grade 71 to grade 72

Community Services – Reclassification of the Community Development Technician position (grade 63) to Community Development Specialist (re-instatement) to grade 66

Community Services – Move the compliance officer position under this division

Housing Services – title change of Housing Rehabilitation Coordinator position (grade 70) to Housing Programs Coordinator (grade 70)

Housing Services – Reclassification of one Rehabilitation Specialist position (Grade 66) to Special Projects/Fair Housing Specialist, grade 67

Housing Services – Title change of Rehabilitation Specialist (grade 66) to Housing Rehabilitation Specialist, grade 66

The purpose of the reorganization is to address some of the changes and expansion in focus of the Department over the last couple of years.

MOTION: Commissioner Council moved to approve the reorganization, reclassifications and budget revisions (B02-261 & 262).
SECOND: Commissioner Baggett
VOTE: UNANIMOUS

7. Discussion of proposed PWC changes regarding water and sanitary sewer main extension policy

Commissioner Tal Baggett, liaison to the PWC Board, told the Board of Commissioners that a change may be taking place that will require extender/connector to petition for annexation if located within the “municipal study area” of the City of Fayetteville or Town of Hope Mills. The proposed policy states that no request for the extension of or connection to water and/or sanitary sewer mains will be approved until the extender/connector furnishes proof that he/she has filed a petition for annexation of said property with the City Clerk or other designated representative of the municipality where such development is taking place. This proposed change in policy apparently has been initiated by the City Council of Fayetteville, not PWC. PWC is taking it under consideration.

Commissioner Baggett pointed out that Cumberland County is adversely affected by annexation. He also told the Board the City plans to annex up to the Hoke County Line, up HWY 401 to within a couple of miles of the Harnett County Line and around Hope Mills. Commissioner Baggett noted the Board of Commissioners did away with the municipal influence areas, and he believes this has triggered the effort to change PWC’s policy regarding water and sewer extension.

The consensus of the Board was to discuss this item at our joint meeting with the City Council. However, the Board also wants to discuss the item at the City-County Liaison meeting on January 24.

Commissioner Edge noted the impact of annexation on the County and how it affects new businesses which may want to locate here. He noted that in the last five years annexation has cost the county \$5 million, and it could cost us another \$5 million in the next five years

8. Consideration of sale of surplus county-owned real property acquired by tax foreclosure:

- A. 209 Campbell Avenue, Lot 26 Nimocks Land – Mr. Robert Anderson has offered to purchase the property for \$3,895.94 and has deposited \$389.92 in the Finance Office. Mr. Anderson is not willing to pay the \$3,502.03 lot clearing fee. The value of the property is \$6,661.00.
- B. 211 Campbell Avenue, Lot 27, Nimocks Land – Mr. Robert Anderson has offered to purchase the property for \$3,499.37 and has deposited \$350.18 in the Finance Office. Mr. Anderson is not willing to pay the \$3,501.01 lot clearing fee. The value of the property is \$7,109.00.

MOTION: Commissioner Baggett moved to reject the above offers.
SECOND: Commissioner Council
VOTE: UNANIMOUS

9. Appointments to Boards and Committees

MOTION: Commissioner Council moved to appoint the nominees in 9A and 9B.
SECOND: Commissioner Henley
VOTE: UNANIMOUS

A. Adult Care Home Community Advisory Committee (2 vacancies)

Nominees: Patricia Hodges
Dorothy Usher Wright

B. Cumberland County Industrial Facilities and Pollution Control Financing Authority (1 vacancy)

Nominee: Dr. Annette Billie

10. CLOSED SESSION: Economic Development matter

MOTION: Commissioner Edge moved to go into Closed Session for an Economic Development matter.
SECOND: Commissioner Council
VOTE: UNANIMOUS

MOTION: Commissioner Baggett moved to go back into Open Session.
SECOND: Commissioner Council
VOTE: UNANIMOUS

MEETING ADJOURNED: 11:40PM.

Clerk to the Board